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# Hard-hit Michigan lures Hollywood

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LANSING, Mich. | Lights, cameras, Michigan? Some are wondering whether the economically beleaguered state could well become the Tinseltown of the Midwest.

While Michigan may be bleeding automotive jobs amid the U.S. industry's financial meltdown, some of those positions could be replaced by skilled work in a newly flourishing film industry, which has been quickly building steam over the past 10 months.

The state is offering one of the nation's top tax incentives for movie and television projects shooting within its borders, and they're off to a jackrabbit start. Clint Eastwood's critically praised "Gran Torino," - a likely Oscar contender - shot to No. 1 at the box office with a \$29 million haul over the weekend, its first weekend of full release.

Drew Barrymore's much-anticipated roller-derby comedy "Whip It," yet to be released, also took advantage of the state's financial incentives.

These movies, filmed in Detroit and on location across Michigan, are helping to raise the state's profile as an emerging hotbed for budding filmmakers, production companies and acting talent, all looking for a place to shoot that offers more bang for their budgets.

A new \$100 million film production studio could be up and running near Detroit by year's end, creating a projected influx of about 3,500 jobs that are desperately needed as manufacturing work here continues to falter.

Since Gov. Jennifer M. Granholm, a Democrat, signed a bill in April offering up to 42 percent in tax credits for film projects shot in Michigan, more than 70 productions have been completed or are under way, said Tony Wenson, chief operating officer at the Michigan Film Office.

He views his home state's moviemaking future as no quick panacea for its significant economic woes, but promising nonetheless.

"What we have seen since the governor signed this bill is incredible in how quickly the momentum for this has developed," Mr. Wenson said. "It's bringing in jobs and helping to create a new industry for economic

development and an instant influx of cash into our economy."

The tax incentive covers interactive game development as well as movie production. The game component, he said, is a \$100-billion-per-year industry that has shown 11 percent to 17 percent growth annually. The film business brings in \$40 billion annually in revenue with a growth rate of about 7 percent.

Combined, a slice of that pie for Michigan brings "enormous potential," Mr. Wenson said, noting that the film industry also can serve to invigorate tourism.

"The fact of the matter is that it has been proven through study after study that film production increases the profile of the state," he said.

Mary Dutcher, an independent publicist from Detroit who has worked in several recent film projects, says the state's myriad and diverse vistas - from gritty, industrial Detroit, to the pristine beaches of the Great Lakes, to lush forests and expansive farmland - offer a cinematic buffet for location scouts who are on the lookout for new and accessible places to shoot their films.

Out-of-state film companies, she adds, have praised not only the look of the area as camera-ready but the work ethic they've found in Michigan.

"It's a place where people have been really welcoming to the film industry," Miss Dutcher said. "On set, they cannot stop gushing about how hospitable we are and said they couldn't wait to come back."

Michigan joins several other states, including Louisiana, New Mexico, Florida and Rhode Island, that are hoping to lure film business away from New York and California. Some states, struggling with budget deficits and a burgeoning housing crisis, have had to scale back on their film incentives. They acknowledged that the stars in their eyes did not give way to enough windfall in their coffers.

State Sen. Nancy Cassis, Novi Republican and chairman of the Michigan Legislature's Senate Finance Committee, said the economic drawbacks of the moviemaking lure provide a cautionary tale, even as some place their hopes in its future here.

She wonders, with Michigan facing a \$1.5 billion deficit in its 2009-10 budget and dealing with the loss of 500,000 jobs, whether it can afford what she describes as "refundable tax credits." The treasury and nonpartisan Senate fiscal agency predict those will cost the state between \$100 million and \$110 million for 2008 alone.

"Refundable credits means that after all tax liability is wiped out, your

credit is still higher than your tax liability so you are eligible for a subsidized check from all the other taxpayers in the general fund. This is what is happening."

She cautions that the financial shell game played by movie companies could hurt the state in the long term.

"It's almost like an auction game: Who is the highest bidder?" she says of fickle Hollywood's draw to the state that offers the biggest tax credit.

"Hollywood is very sexy, but in many ways it's an unreal world, and now we've got come to come back to the real world here in Michigan."

Even after accounting for local revenue generated by movies made here, the state will get just 18 cents back on every dollar spent, she said. "Eighty-two cents is never returned - and we have a financial crisis. This is robbing the hardworking small businessmen and women to pay Paul, the Hollywood tycoon. We can't continue to afford this."

Hopwood DePree, a Michigan native who left 20 years ago for a career in Hollywood, is banking on the state's creative potential. He returned to open Tic Tock Studios in his hometown of Holland, outside of Grand Rapids. He has renovated buildings in disrepair in a blighted areas of town, taking up most of a city block that now houses full production offices, stage space and property storage, as well as living quarters for visiting crews.

Mr. DePree, an actor and screenwriter, calls it a personal labor of love. He said it's an opportunity to diversify Michigan's labor potential, offering hope to a place desperately in need of a morale boost. He thinks it can work.

"This is really a gold mine for companies coming in from Los Angeles and New York and internationally," he said. "The cost of services in Michigan is low, along with the cost of living. Things like car rentals, hotel rooms are dramatically cheaper than working in bigger cities. It really allows people to stretch every dollar and make that show up in screen."

Mr. DePree's company shot a romantic comedy in Michigan last summer with Haylie Duff and Sam Huntington, which is wrapping up post-production in the state. The studio is also close to a deal on another movie with high-profile principals, which should begin shooting this winter.

His company is also partnering with local community colleges to train displaced auto and unemployed manufacturing workers in crew work for film production. Thirteen people who completed the program worked on his last film and plenty more will be needed as the film industry grows.

He says it has been "exciting" to watch the business catch fire in Michigan so quickly and calls that speed a real economic shot in the arm as the state fights back from budget shortfalls.

"Michigan, now more than ever, has to look at a new way to diversify its economy and put people back to work and pump dollars into the economy," he said.

"The filmmaking business is probably the No. 1 industry that can come in very quickly and turn that around. We've already seen that. What other industries are like that?"

In 2008, Michigan made about \$2 million in film revenues, Mr. DePree said. "But well over \$400 million is projected by April of 2009, just a year after the governor signed the bill into law."

Money isn't the only boost, he adds. There is the pride of knowing that he's bringing something back to those in a state who desperately need it and creating new business for everyone from transportation crews, to electricians to carpenters, caterers and even talent agencies.

"It gives me chills," he says of watching once out-of-work employees find new purpose and a home for their skills. "They had lost hope, and then you see the lights go on in their eyes. Suddenly, they have a career in the movies, something beyond their wildest dreams.

"I love this state, and I firmly believe that it will see many positive benefits and success stories," he said. "I think the state has to keep the industry here and continue to expand it."

Mrs. Cassis, the senator, said she too wants the film industry in her state but that she hopes the Legislature can come up with a bipartisan policy that offers "an accountable solution that will strive for permanent jobs here in Michigan and infrastructure," perhaps in commercials, which she argues create more sustainable jobs.

"We want to keep Michigan in the film industry game, but do it responsibly," she said. "Yes, offer a credit, but cap it and also rewrite our law to encourage more permanency and sustainability of jobs. We know that as soon as another state offers a little bit more or extra, film producers will be out of here in a second. They have said that."